

Quarterly

Report

April through June 2000

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CHAPTER I: SUMMARY OF PROJECT OBJECTIVES AND RESULTS

This report describes the progress made during the second quarter of Calendar Year 2000 in establishing a sustainable, licit agricultural economy in the Cochabamba tropics through training, technical assistance, marketing support, investment promotion and the development of a results-oriented information system.

The report format focuses on the achievement of results set forth in the performance-based contract between USAID and Development Alternatives, Inc.

A. PROJECT OBJECTIVES

The Counter-Narcotics Consolidation of Alternative Development Efforts in Bolivia (CONCADE) is a four-year project based in the Department of Cochabamba, Bolivia. The contract naming Development Alternatives, Inc. (DAI) as the principal contractor for this project was signed in La Paz, Bolivia, on May 27, 1999 with an effective start date of June 1, 1999. The project began with the arrival of the expatriate advisors on June 19, 1999 and is scheduled for completion no later than May 31, 2003.

The purpose, as stated in the contract, is to support the USAID Counter-Narcotics Special Objective and the Bolivian Government *Plan Dignidad* to eliminate the growing and trafficking of illegal coca in the Chapare and to establish a sustainable economy for licit crops in its place. Specific Objectives include:

- 1) Establishing sustainable farm-level production capacity for licit crops
- 2) Establishing sustainable market linkages for licit crops
- 3) Strengthening alternative development organizations
- 4) Stimulating private sector investment and agriculturally-based industries
- 5) Putting in place a results-oriented management, geographic information system for PDAR, which supports policy and implementation actions and decisions made by AMU (Administrative Management Unit), GOB and USAID.

DAI manages CONCADE activities in consultation with the Bolivian Vice-Ministry for Alternative Development through the Administrative Management Unit and with the participation of USAID through the Activity Implementation Committee. The over-arching policy decisions and priorities are set by USAID's Counter-Narcotics Special Objectives Team (CN-SOT) during periodic reviews of project work plans and results.

B. OVERVIEW AT END OF SECOND QUARTER 2000

The DAI contract provides for project management, administrative and financial activities to support the five Specific Objectives (SOs). To fulfill these SOs the DAI contract cites twenty-three (23) Results designed to measure DAI's achievement of the SOs over the four-year life of the project. While Results and Critical Tasks will not change without modification to the USAID contract, activities at the field level are dynamic and subject to on-going refinement and improvement as determined by the AMU.

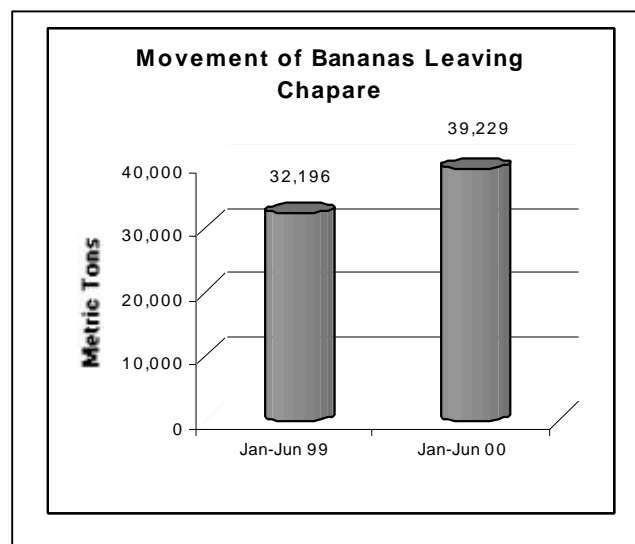
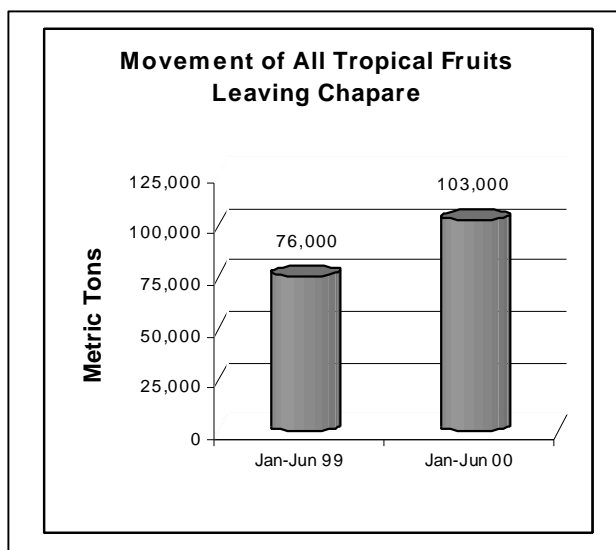
Achievement of contracted results are tracked and reported in a quarterly and cumulative fashion. Beginning in September 2000 this information will be available on demand from the Project Management Information System (PMIS), which will track results of all the CONCADE partners.

The CONCADE Project is designed to fit seamlessly with the Results Framework of both USAID and the GOB'S *Plan Dignidad*. Our commitment is to direct all our efforts toward the ultimate strategic objective of the eradication of illegal coca production and trafficking in the Chapare by achieving the Project's Intermediate Result of establishing a viable, self-supporting agricultural economy for licit products in coca-free zones in the Chapare.

Chapter II reports on the status of the twenty-three (23) Result or Performance Indicators. Each indicator is provided in a separate table, comparing targeted with actual results, indicating the source of the data used in the analysis, comments about the terms and data, and a statement of progress. These Results serve as our principal contract management barometer of effectiveness.

Notable indications of progress include the following:

- ▶ Sales of all tropical fruits increased by 36% during the first half of 2000 compared to the same period in 1999. Tropical fruits in the first half of the year principally include bananas, plantains, passion fruit, oranges, and tangerines. This increase in product movement was due largely to accelerated technical assistance in increasing yields and to improved marketing contacts in both Cochabamba and Santa Cruz.



Source for all graphs: Reports on Product Movement at the Bulo Bulo and Paracti Inspection Points, January through July, 1999 and 2000.

- ▶ The tea-processing plant **Agro-Té** signed an important five-year sales agreement with the Cochabamba-based company **INABOL** to market its black tea. Under the agreement

Agro-Té will supply two tons of processed tea per month to INABOL generating monthly gross revenues of approximately \$4,000 to the tea plant. INABOL will have exclusive distribution rights for the tea in Cochabamba and surrounding markets. Another agreement is in process between Agro-Té and La Doñita which would give the latter company exclusive distribution rights in La Paz and surrounding areas. These sales agreements, which are central to the planned revitalization of the Agro-Té facility and tea cultivation in the Chapare, were the result of close coordination between the CONCADE Marketing Team and the extension group CIAPROT.

- ▶ Significant progress was made in the research, extension, and educational systems. With respect to extension, the four extension groups dedicated the first quarter to conducting and analyzing participatory farmer diagnostics in their assigned work zones. The second quarter of CY2000 was the first full quarter of extension activities aimed at farmer training, organizational strengthening, and commercialization. In the short term, these activities are being backed up and integrated with IBTA's research program, as a result of the reformulation of IBTA's work plan for CY2000. Preliminary steps have also been taken to involve a variety of educational institutions in Cochabamba and the Chapare in alternative development. These activities are expected to contribute to the long-term sustainability of development in the Chapare.
- ▶ IBTA's work plan for the year 2000 was reformulated and approved by CONCADE. Major changes include an increased emphasis on farmer-relevant research and a greater integration of the research and extension systems. IBTA researchers, in coordination with extensionists, are now facilitating a farmer-researcher network designed to help farmers solve their own problems. These efforts are complemented by a series of demonstration plots managed by farmers, community promoters, or IBTA researchers. In addition, IBTA has designed and is implementing systems for monitoring the impact of research and extension.
- ▶ New market linkages were established between producers and buyers. Farmers now are selling a wide range of tropical fruit through a private sector intermediary to four military posts in Cochabamba. Pineapple producers signed pre-harvest sales contracts with all the major fruit processors in Cochabamba. For the first time, the dried fruit processor La Khochalita conducted extensive trials with the Sigatoka-resistant FHIA 1 variety banana and shipped samples to its customers in Germany, Switzerland and England.
- ▶ The Grants Committee approved \$238,605 in funds for upgrading packing shed facilities and cableways belonging to six producers associations in the Banana Emergency Plan and two additional banana producer associations not included in the Plan.

In Chapter III we indicate how funds were expended during the quarter by CLIN. In Chapter IV we describe DAI's fulfillment of deliverables and outputs as called for in the USAID/DAI contract. In Chapter V we provide brief narrative highlights of activities and advances for each specific objective. In Chapter VI we provide a table showing the level of effort

in person/months expended during the quarter. The report concludes with an Appendix providing glossaries of acronyms, terms and phrases used in the body of the report.

CHAPTER II: PROGRESS TO DATE BASED ON RESULTS INDICATORS (AS OF JUNE 30, 2000)

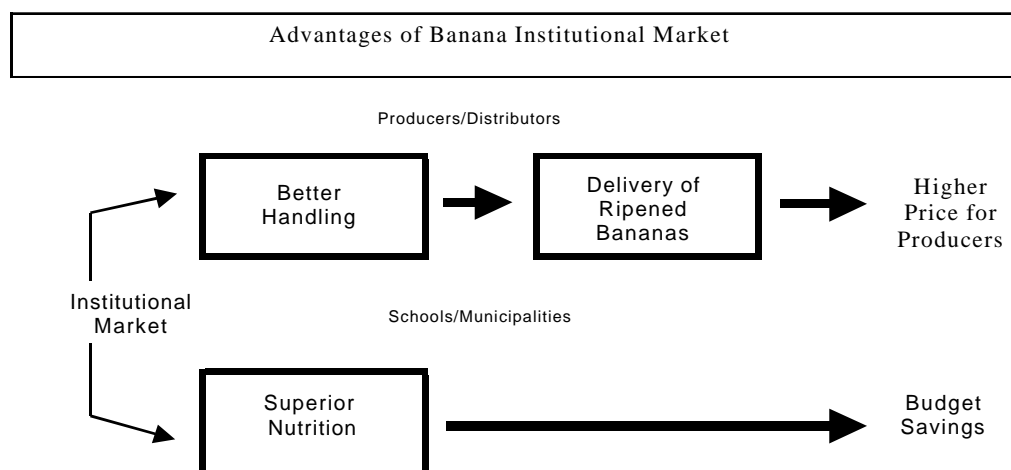
A. SUSTAINABLE FARM-LEVEL PRODUCTION CAPACITY FOR LICIT CROPS ESTABLISHED (SO1)

CONCADE's strategy for **SO1** focuses on providing an overall framework to increase the likelihood that farmers in Coca-Free Areas (CFAs) will successfully make the transition to licit and profitable agricultural activities. Our integrated approach is to simultaneously:

- ◆ Improve policies that affect agriculture and agribusinesses operating in the Chapare;
- ◆ Re-direct research and extension systems so that they respond more precisely to client needs; and
- ◆ Remove financial subsidies that inhibit farmer groups from becoming self-directed and sustainable in a competitive marketplace.

In the policy area (SO 1 Critical Task A), our staff made significant progress in the quarter in the following areas:

- ◆ **Institutional Banana Market Study.** The results of this study were presented to the CONCADE partners in a meeting held at the Federación de Empresarios Privados in Cochabamba at the end of June. The study estimates that more than 800,000 primary education students in the three principal cities of Bolivia could benefit nutritionally and economically by including Chapare-grown bananas in their school breakfast program. In addition to these benefits, the cost savings in La Paz are estimated at \$570,000 per year when compared to the current school breakfast of powdered milk and cookies. The recommended plan would create a market for approximately 4,500 tons of bananas per year. A graphic describing the benefits of introducing bananas to the school breakfast program in Bolivia is provided below:



- ◆ **Forestry Taxes on Cultivated Palm Hearts.** In meetings with palm heart processors (Fabopal and Indatrop) and CADEXCO (Cámara de Exportaciones de Cochabamba), the Policy Unit proposed an amendment to the current Supreme Decree for the Reactivation of Exports which would eliminate the tax imposed upon cultivated palm hearts. CADEXCO will draft an insertion to the Supreme Decree stating that cultivated palm hearts are an agricultural product not subject to taxes for forestry products monitored by the Cámara Forestal.
- ◆ **Cost/Benefit Analysis of Maintaining the Abapó-Camiri Stretch on the Road to Yacuiba.** The CONCADE Policy Unit determined that the economic benefits from an improved road to Yacuiba would exceed by more than five times the cost of maintaining the unpaved stretch of road between Abapó and Camiri. The principal benefit would derive from increased exports of Chapare products to markets in Argentina. These findings were presented to the Vice Minister of Alternative Development in late May. This analysis will guide the use of Alternative Development resources for road maintenance along this roadway.
- ◆ **Improvement of Results Indicators.** The results indicators contained in DAI's contract were thoroughly reviewed and presented in modified form to the USAID PMP sub-committee. Some of the principal modifications are presented below:

Principal Modifications to Results Indicators	
<i>If CONCADE accomplishes this (Old Indicator):</i>	<i>Then the impact on Alternative Development over the life of the project will be this (New Indicator):</i>
More families engaged in licit activities	Increase the value of marketed licit products
More technology transferred to improve agricultural activities	Increase in the number and effectiveness of agribusinesses and farmer organizations
Strengthen sustainability of alternative development organizations	Increase farm family incomes through agricultural activities
Channel resources to stimulate private investment	Increase investment and licit employment in the Chapare

In the area of Support for Coca-Free Area Agreements (SO1, Critical Task B), we did the following:

- ◆ **Conditionality** continued to be strictly observed in all CONCADE activities in coordination with PDAR, DIRECO, and VIMDESALT. During the quarter we observed a notable speeding up of the certification process by DIRECO. Two banana producer associations which applied for grants to improve their productive infrastructure were left pending because they have not been certified as coca-free by DIRECO. At CONCADE's request, the two associations applied for certification and DIRECO inspected the sites and certified them as coca-free areas, allowing the financial assistance to go forward.

In the area of Agricultural Technology Transfer and Training (Critical Task C), we note the following:

- ▶ **Beneficiaries.** Approximately 6,500 farm families have benefited from extension activities financed by CONCADE.
- ▶ **Hectares.** Approximately 900 ha have been recently planted with one of the five major crops, basic grains, or vegetables. In addition, farm families cultivating approximately 1,000 hectares of licit crops on existing plantations have received technical assistance.
- ▶ **Farmer Training.** The four extension groups provided practical agricultural training to approximately 8,010 farmers, of whom 6,060 were men (76%) and 1,950 (24%) were women.
- ▶ **Extensionist Training.** Extensionists' skills and knowledge have been upgraded through eight training events attended by approximately 150 participants.
- ▶ **Researcher Training.** Twenty-four participants from IBTA were trained in participatory extension techniques, as well as banana and heart-of-palm management.
- ▶ **Promoters.** The community promoter system has been established and contains about 170 promoters or group leaders.
- ▶ **Farmer Experimenters.** CONCADE has established a system of farmer experimentation integrating farmers, extensionists, and IBTA personnel. Approximately 400 farmers, 22 extensionists, and most of IBTA's scientific staff have participated in training on participatory research, the participatory diagnosis of agronomically-related problems, and the identification of potential solutions. Ninety-three farmers from 18 associations, through the facilitation of extensionists and IBTA researchers, are conducting nine different types of adaptive on-farm trials to solve agronomically- related problems in banana, pineapple, palm heart, or black pepper.
- ▶ **Rotating Funds.** We have completed analyses of the status of rotating funds and accounting systems managed by the farmer associations for approximately 90% of those groups and about fifteen associations have functional and accountable rotating funds.
- ▶ **Crop Planning.** Five associations have begun to plan crop production.
- ▶ **Services Provided by Associations.** Approximately forty associations are presently providing services (e.g. commercialization, technical assistance, inputs, or equipment) to their members.

- ▶ **Nurseries.** Associations or producer groups have established twenty-seven community level nurseries for the production of planting material of tea, pineapple, and heart-of-palm.
- ▶ **Paid Technical Assistance.** Fourteen associations are paying, partially or completely, for technical assistance.
- ▶ **Income Generation.** Twenty-eight associations are generating income via the sale of products or services or dues paid by members.
- ▶ **Participatory diagnoses** of twenty-nine farmer groups representing 1,172 families with recently eradicated coca have been performed as an initial step to incorporating them formally into the CONCADE program.
- ▶ **Agricultural Tour.** Fifteen technical personnel from the extension agencies, IBTA, and DAI completed a 10-day tour of research, extension, and production systems in Nicaragua and Costa Rica. Highlights included visits to participatory extension systems by CATIE-MIP, CIAT, INTA, and Farmer-to-Farmer in Nicaragua, commercial pineapple, heart-of-palm and banana operations in Costa Rica, as well as visits to CATIE and EARTH. Participants were greatly impressed with the organic agriculture and economic enterprise development programs of the latter institution.
- ▶ **Reformulation of IBTA Work Plan.** The IBTA work plan for CY2000 was reformulated. Major changes include an increased emphasis on farmer-relevant research and a greater integration of the research and extension systems. IBTA researchers, in coordination with extensionists, are now facilitating a farmer-researcher network designed to help farmers solve their own problems. To complement these efforts, IBTA is also designing a series of demonstration plots to be managed by farmers, community promoters, or IBTA researchers.
- ▶ **Research and Extension Monitoring.** Within IBTA, systems were designed to monitor research impact and technical performance of the extension system. In addition, IBTA hired personnel to implement these systems.
- ◆ **Emergency Banana Plan.** The agricultural production, productive infrastructure, and training units of DAI, in coordination with PDAR, UNABANA, and outside consultants executed an emergency banana plan in order to upgrade banana packing facilities and improve agronomic management, especially Sigatoka control, in the field in order to satisfy international requirements, such as those in Argentina. The program consists of improvement of packing plant infrastructure, the drilling of wells to provide a source of clean water, intensive training of banana extensionists in field management and packing procedures, and the assignment of four experienced banana field foremen to work on a full-time basis with banana exporting farmer associations.

- ◆ **Contract Farming.** The banana exporter Banabol increased its purchases of bananas grown and packed by small producers associations. The company is now buying packed bananas for export from three associations: Chimboco, Villa Fernandez and Ingavi B. In addition to exporting bananas from their own company plantation, Banabol is exporting approximately 2,000 boxes per week from these three associations. Under this arrangement, the exporter provides the bags for protecting banana clusters from spotting during production and the boxes for the pack-out. Banabol has also assigned four of its field foremen (“capataces”) to assist small banana producers in the management of their plantations to ensure that the bananas produced are of export quality. The company Chapare Exporta offered to aerielly fumigate banana plantations managed by producer associations in return for a discounted price on the bananas produced by these associations. This aerial fumigation should commence in early August. The costs of these services eventually will be deducted from the price paid to the farmers for their harvested fruit.

Under SO 1, Critical Task E (reduction of subsidies for road maintenance and improvement), the following progress was made:

- ◆ **Municipal Contributions.** The Municipality of Villa Tunari included US\$ 120,000 in their Year 2000 POA for improvement and maintenance of roads. Other municipalities are expected to assign similar percentages of their budgets for road improvement and maintenance activities within their political jurisdictions. The CONCADE team has revisited community leaders to reach agreement on co-participation in infrastructure projects and we expect to report notable results in the next quarter.
- ◆ **Formation of Rural Road Maintenance Association for Villa Tunari.** During the quarter this Association formed its Directors Group (representatives from VIMDESALT, USAID, Caminos Vecinales, DAI and PDAR), as well as its Operational Group (heads of Caminos Vecinales, DAI and PDAR). The Operational Group completed the work related to the legal formation of the Association, including its statutes and by-laws.
- ◆ **Preparation of printed material related to the objectives and benefits of Rural Road Associations.** In cooperation with PDAR, work advanced on creating publicity materials describing the benefits to municipalities of maintaining and improving rural roadways through the formation of Rural Road Associations.

Result Indicator for Sustainable Farm-Level Licit Production				
Result 1.1: Increasing number of farm families participating in coca-free areas and/or agreements and receiving alternative development assistance				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	10,000 farm families	15,000 farm families	20,000 farm families	25,000 farm families
Actual results	763 farm families ^a	6,452 farm families		
Source/Methodology Cumulative number of families receiving technical assistance from the extension service plus number of families in farmer groups recently eradicated coca that have completed rapid rural appraisals (DRPs). ^a These families are receiving food security assistance. Does not include families assisted by productive infrastructure programs nor by UNDCP/FAO or UNAGRODI.				

Statement of progress. 5,280 families are receiving direct or indirect benefits from CONCADE's extension program, while rapid rural appraisals have been completed for 32 farmer groups comprising 1,172 families. The completion of the rapid rural appraisals is the initial step for formally incorporating groups into CONCADE or UNDCP/FAO. It should be noted that in this period, approximately 300 formerly passive farm families have decided to take a more active role in alternative development as a result of the efforts of the extension service providers.

CONCADE is developing mechanisms for capturing additional data for this indicator from other alternative development efforts such as the highway and electrification programs. Inclusion of such direct beneficiaries would substantially increase the results reported above.

Result Indicator for Sustainable Farm-Level Licit Production				
Result 1.2: Increasing number of hectares of licit crops sustainably planted in the Chapare				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract				
Annual increase	7,000 Has.	7,700 Has.	5,300 Has.	4,350 Has.
Cumulative	101,650 Has.	109,350 Has.	114,700 Has.	119,000 Has.
Actual results				
Annual increase	3,500 Has.	900 new ha added (As of June 30)		
Cumulative		Total are to be measured August 2000 by satellite		
Source/Methodology Increase in hectares planted in licit crops, as reported by extension service providers under contract to DAI. Crops include the 5 commercial crops plus basic grains and vegetables. The total area of the Chapare under agricultural cultivation will be estimated from satellite imagery analysis.				

Statement of progress. Within the scope of CONCADE's extension services, 900 new hectares were planted to the five commercial crops, basic grains, or vegetables during the second quarter. In addition, technical assistance was provided to farmers managing approximately 1,000 previously planted hectares. CONCADE will obtain recent satellite images to provide information on all hectares planted to licit crops in the Chapare. In addition, private survey organizations and extensionists will begin a new agricultural survey to provide ground-truthing of the satellite analysis, crop yields, as well as new data on population and migration. The difference in agricultural area between 2000 and 1999 will permit estimates of how agriculture patterns in the Chapare are changing.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
Result 1.3.1: Increasing percentage of farmer organizations graduated from CONCADE assistance				
	CY1999	CY2000	CY2001	CY2002
Percentage of existing farmer organizations currently receiving USAID-funded assistance graduated	0%	15%	25%	50%
Actual results	0%	0%		
Source/Methodology Percentage of existing farmer organizations receiving USAID-funded assistance graduated, as reported by NGOs and private extension firms.				

Statement of progress. Although no organizations have graduated as yet, we expect that one organization (14% or one of the seven “more advanced” associations) will graduate from CODELCA assistance by the end of the year. In addition, at least one additional organization will be graduated from the “less advanced” category to the “more advanced” category by each of the other three extension groups.

At present, we have observed a notable increase in farmer organization capacity. More than forty farmer associations are providing services (e.g. commercialization, inputs, tools, or technical assistance) to their members, thirty-eight are generating income from the sale of products or services or dues paid by members, and more than twenty have entered into contractual or credit relationships with agricultural suppliers or buyers.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
R1.3.2: Overall subsidies on productive infrastructure reduced				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	85%	55%	25%	0%
Actual results	---	N/A (As of June 30)		
<u>Source/Methodology</u> Percentage of overall subsidy provided by CONCADE, as reported in the PMP data base. This is measured by dividing the investments made in productive infrastructure by the amount contributed by farmer organizations, expressed as a percentage. Productive infrastructure includes packing sheds, cableways, wells, fences/walls and improved water systems.				

Statement of progress. CONCADE's four extension groups completed an assessment of eight banana producers' associations. We are currently making an assessment of the productive infrastructure needs of the more advanced farmers' organizations, including those engaged in the production of pineapples and palm hearts.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
R1.3.3: Local capacity for sustainable <u>maintenance</u> of road infrastructure enhanced				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	10% Municipality 5% Community	15% Municipality 10% Community	35% Municipality 20% Community	55% Municipality 30% Community
Actual results	10% Municipality 5% Community	0% Municipality 3.9% Community (As of June 30)		
Source/Methodology Percentage of costs covered by non-activity resources, as reported in the PMP database. Municipalities and communities have made contributions in labor and in-kind (for example, locally available materials), and cash (for example, funds from beneficiaries deposited in bank account of Caminos Vecinales).				

Statement of progress The municipality of Villa Tunari continues cooperating with the CONCADE road infrastructure team and provides an excellent example for the other municipalities. Nevertheless, progress with the other municipalities remains slow due to factors outside our control including:

- Farmers are intensely engaged in agricultural activities and unavailable to provide labor and materials,
- The municipalities have yet to approve their annual operating plans (POAs) incorporating road activities, and
- The terms of coca-free conditionality restrict CONCADE from working in many areas of the municipalities.

DAI and Caminos Vecinales are giving priority attention to the formation of the first Road Maintenance Association in Villa Tunari to set an example for the other municipalities. This Association will include the participation of local organizations in coca-free areas. Several engineers and administrators of Caminos Vecinales received “peer training” from a similar road maintenance association in Costa Rica. We are convinced that this training will accelerate the identification and cooperation of farmer organizations and syndicates that can contribute to road maintenance.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
R1.3.4: Local capacity for sustainable <u>improvement</u> of road infrastructure enhanced				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	5% Community and others	10% Community and others	20% Community and others	30% Community and others
Actual results	5% Community and others	3.9% Community and others (As of June 30)		
<u>Source/Methodology</u> Percentage of costs covered by non-activity resources, as reported in CONCADE PMP database. Municipalities and communities are contributing with labor and locally available materials (for example, logs and wood beams for gavion-wood bridges), and cash.				

Statement of progress. See Statement of progress under R1.3.3.

B. SUSTAINABLE MARKET LINKAGES ESTABLISHED (SO2)

The objective of Special Objective 2 is to establish access to year-round markets for products grown and/or processed in the Chapare to generate increased income, crop value, export value, and jobs in the region. These year-round markets are comprised broadly of the local market segment, the industrial processing segment, and the export market segment. Specific strategies include:

- ◆ Undertake marketing-related actions leading to sustainable markets for licit crops in the Chapare;
- ◆ Take an aggressive, market-driven approach which uses market research to identify new local, regional and export markets and buyers for existing and new Chapare products;
- ◆ Attract investors to establish agro-processing facilities which will buy Chapare products in a way in which both the farming and processing operations are sustainable; and
- ◆ Create new farm, off-farm and non-farm jobs, while expanding the marketing of licit Chapare fresh and processed products.

Under Critical Task A, Market Analysis, the following progress was made during the quarter:

- ◆ **Marketing and cost/benefit analyses.** Five studies were completed for diverse projects and distributed to CONCADE partner institutions and extension groups. These studies will guide marketing actions, investment promotion strategies and the use of financial supports during the forthcoming months. The studies included:

Marketing and Cost/Benefit Analyses			
<i>Date</i>	<i>Study</i>	<i>Description</i>	<i>Author(s)</i>
April 2000	Processing Marmalades in an Artisanal Form	Cost/Benefit analysis of processing tropical fruit marmalades in small-scale production volumes.	Didi Mercado and DAI Marketing Team
May 2000	Dried Bananas Using FHIA Variety	Analysis of costs associated with procuring, drying and exporting FHIA-variety sigatoka-resistant bananas.	Didi Mercado and DAI Marketing Team
May 2000	Glazed Fruit	Cost-benefit analysis of glazing tropical fruit to fill demand expressed by La Paz supermarkets.	Didi Mercado and DAI Marketing Team
June 2000	Cattle Production and Marketing	Analysis of costs and impacts of promoting dual purpose meat-milk cattle in Chapare	Enrique Rieger and Sergio Cassab
June 2000	Banana Production	Analysis of techniques for improving fruit quality and reducing production costs	Mike Utley
June 2000	Consolidated Sales Center in German Busch	Analysis of converting German Busch pineapple packing center into a year-round, multi-product sales center	Sergio Cassab and DAI Marketing Team

- ◆ **The Marketing Policy Committee.** This committee met three times during the quarter to reach a consensus on recommendations related to generating sales for tea, developing a strong market for the forthcoming production of pineapples, and for harmonizing palm heart production with processors' needs. Members of the Marketing Policy Committee include Carlos Sarabia (PDAR), Tomás Cenicerós (Fabopal), Milko Morales (Bebidas S.A.), and DAI's Senior Advisor for Marketing.

In the area of Critical Task B, Market-Driven Technical Assistance, the following progress was made:

- ◆ **Market-Driven Training Workshops.** The CONCADE Marketing Team participated in four training workshops for extensionists and small farmers related to new product development, post-harvest handling and marketing techniques. These courses serve to increase farm family incomes by developing new or improved product offerings for credit-worthy market niches. The courses included:

Training Workshops Related to Marketing			
<i>Date</i>	<i>Course</i>	<i>Description</i>	<i>Number of Participants</i>
28-30 April	Processing Fruit Marmalades for Family Consumption	Training in preparing marmalades (e.g. orange, papaya and passion fruit) under hygienically acceptable conditions for family consumption	60 farmers in four communities (i.e. Santa Bárbara, Isarama, Santa Ana and Isinuta) in coordination with extension groups. 78% women.
17-18 May	Marketing Bananas	Washing, treating, grading, sizing and packing bananas for local and export markets	21 technicians (all four extension groups) and 8 people from Banabol
20-22 May	Marketing Tea	Processing and market norms for tea	4 technicians (Codelca, Winrock) and 40 farmers (40% women)
02-03 June	Marketing Waxed Yuca	Expanded market opportunities for alternative presentations of yuca	20 technicians (all four extension groups)
27-28 June	General Techniques of Food Processing for Extensionists	Practical courses for extensionists in plant sanitation, drying bananas (FHIA 1), and processing glazed fruits/marmalades	35 technicians (Codelca, Winrock, Ciaprot and Indasa) and four representatives of Bolihispania
28-30 June	Marketing Opportunities for Dual Purpose Cattle	Demand and quality standards of milk processors, including MILKA	30 technicians (Indasa, Winrock)

- ◆ **Technical Assistance by the Private Sector.** Discussions were held with heart-of-palm processors (i.e. Bolihispania, Fabopal and Indatrop) to explore the possibility of their providing agricultural inputs and technical assistance to palm heart growers. This assistance would basically “piggy-back” on the close relations that each of these processors has with their raw material suppliers. The officers of each business agreed that this activity would contribute to expanded palm heart production and reduce the current shortage of supply. We expect a decision on this matter in the next quarter.

- ◆ **Banana Field Practices/Quality Control.** In coordination with the Agriculture Unit and NC State, Mike Utley of Chiquita Banana provided on-going recommendations for a complete overhaul of banana growing and quality control practices, including Sigatoka control and packing procedures. This assistance provided important recommendations for improving productive infrastructure to satisfy international export requirements, especially those of Argentina.

In the area of Critical Task C, Market Linkages, the following progress was made:

- ◆ **Seller-buyer contracts.** Five important contracts were signed between Chapare producer groups and market buyers. These contracts contain specific volume and price commitments. The negotiations were closely supervised and assisted by the CONCADE Marketing Team in coordination with the seller groups and the extension group assigned to their zone. The contracts included are shown below.

Buyer-Seller Contracts			
<i>Date</i>	<i>Chapare Seller</i>	<i>Buyer</i>	<i>Terms of Contract</i>
May	Agro-Té	INABOL	Two tons/month of loose black tea at \$2,000/ton
May June	Tumeric and ginger producers in Campo Vía, Chicolatal and Cristal Mayu	INABOL	One ton/month of dried tumeric and ginger
June	Asprocut (Gérman Busch)	CORDILL (Dillmann)	Sixty tons of pineapple for delivery September-November
June	Asprocut	Industrias Del Valle	Twenty-five tons of pineapple for delivery September-November
June	Apami (Eterazama)	Naturaleza	Twenty tons of pineapple for delivery October-December
	FHIA banana producers in community of Urkupiña (Chapare)	La Khochalita	42 chipas of FHIA 1 variety for trials of dried bananas for export to Europe

- ◆ **Financial evaluation of the banana exporter Chapare Exporta.** A high-level financial planner for Chiquita Banana was hired to perform a financial assessment of Chapare Exporta, which is the largest banana exporter in the Chapare as measured by weekly volume of exports and money invested in its operations. The study recommends the re-programming of the company's debt (approximately \$1.3 million) to permit reduced monthly payments at lower interest rates over a longer period of time. Without re-programming its debt, Chapare Exporta will continue to struggle with a large monthly debt burden that has come close to paralyzing its operations.
- ◆ **Glazed fruit.** At the request of the owner of Supermercado Ketel in La Paz, CONCADE assisted a farmers' processing group in Mariposas in the elaboration of glazed tropical fruit. This fruit (i.e. bananas, pineapples, citrus) receives a light sugar glaze after processing and is sold through candy distributors. The eventual buyer of

the glazed fruit is the brother of the supermarket owner who brokers candies in New York State. Samples sent to New York were superior in taste to competitive products imported from the Philippines and Thailand. The CONCADE team is advising the producers group on how to make improvements in the presentation/appearance of the fruit to satisfy the buyer's requirements. This is a comparatively simple exercise and we expect shipments to begin in the next month.

- ◆ **Military posts.** CONCADE began its first distribution of Chapare-grown licit products to three military bases in Cochabamba beginning in June. The three military bases (i.e. Bolivian Air Force Base, the Paratrooper School CITE and the Army base Tumusla in Capacachi) receive deliveries twice a week from the Cochabamba-based distributor Hermina Cosio. Products being delivered include bananas, pineapples, passion fruit juice, tea, palm heart stalks and waxed yuca. Chapare suppliers to this new institutional market include three banana associations, two pineapple associations, as well as the companies Emcopaivi and Agro-Té. CONCADE identified the market opportunity, brought all the parties to the deal together (farmer organizations, the CODELCA extension group, the private sector intermediary, and the buyers at the military posts), and supervised the functioning of the deal in its initial weeks. This deal currently represents approximately \$4,000 per week in gross farmgate income to the Chapare suppliers. Efforts are underway to expand this institutional distribution to hospitals and jails.
- ◆ **Tumeric and ginger.** The CONCADE food processing advisor worked closely with FAO/C-23 and the extension group Winrock to provide appropriate slicing equipment and plastic screening for sun-drying these products in three communities: Campo Vía, Chicolatal and Cristal Mayu. We expect the buyer INABOL, based in Cochabamba, to buy all the available production of these two crops over the next several years.
- ◆ **Trade Fairs.** CONCADE assisted Chapare producers in exhibiting their product offerings in two trade fairs during the quarter: FEICOBOL in April and FEXBOL in May. The trade fairs provided opportunities for Chapare producers to sell their offerings and make new contacts with prospective buyers. In addition, CONCADE provided printed materials and samples of licit products for the Counter-Narcotics Exhibit at the La Paz Post Office.

Trade Fairs			
<i>Date</i>	<i>Trade Fair</i>	<i>Participants</i>	<i>Results</i>
April 2000	FEICOBOL, Cochabamba	Amach (jipi-japa), Agro-Té, Emcopaivi, Proaspa, Unabana, Aspropi, Bebidas S.A., Fabopal, OCS	Exhibitors sold all inventory, made new sales contacts throughout national market. Booths won award for best decoration.
May 2000	FEXBOL, La Paz	Emcopaivi (passion fruit processor)	Sold inventory, obtained new sales outlet in La Paz
June 2000	Counter-Narcotics Exhibition, La Paz	CONCADE table of licit products from Chapare	Favorable comments from Vice Minister of Alternative Development

Result Indicator for Sustainable Market Linkages Established				
RESULT 2.1: Net income from CONCADE-assisted crops increasing by 3-4 percent annually				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	\$1,780	\$1,850	\$1,900	\$1,960
Actual results	N/A*	N/A* (as of June 30, 2000)		
<u>Source/Methodology</u> Average annual income per capita in U.S. dollars, as reported in the CONCADE PMP database. This will be measured by an on-the-ground agricultural survey in the third quarter of 2000. *Not available.				

Statement of progress. From the Transport Survey, we can observe progressive increases in the volume and, by calculation, increases in farm-gate values. Advanced farmer organizations are improving product quality/yields and less advanced associations are expanding in hectares under cultivation. These advances will lead directly to steady increases in farm family incomes, which will be measured in a survey planned for the next quarter.

Result Indicator for Sustainable Market Linkages Established				
R2.2: Domestic agribusinesses purchasing Chapare produce and/or supplying agro-inputs on a regular basis				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	55 agribusinesses	65 agribusinesses	75 agribusinesses	80 agribusinesses
Actual results	46 agribusinesses	57 agribusinesses (87% of target as of June 30)		
<u>Source/Methodology</u> The 57 agribusinesses are:				
Agricante	Cofrut	Emprofrut	Palm Heart Asocs. (10)	
Agripac	Coin Gek	Fabopal	Passion Fruit Asoc. (1)	
Agro-López	Comercial Nina	Grupo Andino	Pentagro	
Agro-Te	Coop “Hospicio”	Hacienda Norita	Pepper Asoc. (1)	
Alesa	Coop “San Antonio”	Indatrop	Perregon	
Andean Group	Del Valle	La Granja	Pineapple Asocs. (3)	
Banabol	Dillmann	La Khochalita	Sisam	
Banana Asocs.(6)	Eco Chapare	Maitec	Tropi-Miel	
Bebidas S.A.	Ecovir	Naturaleza	Truchas-Paracti	
Chapare Exporta	Emcopaivi	OCS	Truchas-Tablas Montes	
		Pacutec		

Statement of progress. We see a steady trend of more Bolivian agribusinesses buying licit products from Chapare farmers and supplying agro-inputs to Chapare farming communities. Despite the difficulties attendant to operating in the Chapare, nearly all of the agribusinesses cited above are operating steadily and generating profits. We expect that Andean Group will drop from the list next quarter and cease operations. This is due largely to low prices for packed bananas in Argentina and the company's decision to dedicate its resources to other non-Chapare activities.

Result Indicator for Sustainable Market Linkages Established				
R2.3: Agribusinesses exporting Chapare fresh and processed products on a regular basis				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract:	12 agribusinesses	13 agribusinesses	14 agribusinesses	15 agribusinesses
Actual results	8 agribusinesses	8 agribusinesses (Cumulative for year as of June 30)		
Source/Methodology Number of agribusinesses (cumulative), as reported in CONCADE PMP database. The eight companies regularly exporting are: <div>Andean Group Banabol Chapare Exporta Ecovir</div> <div>Fabopal Indatrop La Khochalita Naturaleza</div>				

Statement of progress. The eight companies cited above continue to export Chapare fresh and processed licit products at a steady pace. Factors that continue to slow down new entry into the export sector include:

- the economic crisis in Ecuador (forcing a sell-off of bananas and palm hearts at sharply reduced prices);
- the devaluation of Brazilian currency (allowing Brazil to compete strongly for the first time in Argentine markets); and
- the general recession in the Southern Cone countries (slowing demand across the board).

Result Indicator for Sustainable Market Linkages Established				
R2.4: Marketed value of licit crops increasing by 20-30 percent annually				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	\$52 million	\$64 million	\$74 million	\$91 million
Actual results	\$58.2 million	\$36.9 million (Cumulative for year as of June 30)		
<u>Source/Methodology</u> Value of licit produce in U.S. dollars, as reported by CONCADE PMP database. This calculation multiplies the volume of licit crops reported leaving the Chapare in the Transport Survey by their respective average wholesale value during the quarter to arrive at a total value. Note marketed value excludes logs.				

Statement of progress. There was steady movement of licit products leaving the Chapare during the quarter, with neither road blockages nor civil unrest. This indicator is moving progressively toward the target of \$64 million in the year 2000.

Result Indicator for Sustainable Market Linkages Established				
R2.5: Exports of Chapare licit fresh and processed produce increasing annually				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	\$3 million	\$5 million	\$6 million	\$7 million
Actual Results	\$2.4 million	\$2.7 million (Cumulative for year as of June 30)		
<u>Source/Methodology</u> Value of Chapare fresh and processed produce exported measured in U.S. dollars (non-cumulative), as reported in the CONCADE PMP database. These numbers were reported by each of the exporting companies.				
\$ 650,000 Chapare Exporta 384,000 Banabol 95,000 Indatrop 185,000 Fabopal		\$ 24,000 Andean Group 9,000 La Khochalita 8,000 Naturaleza <u>5,000</u> Ecovir \$ 1,360,000 Total for quarter		

Statement of progress. We are on a steady pace towards the target for year 2000. As cited above in Result 2.3, several macro-economic forces are driving down delivered prices for Chapare-based (and all Bolivian) exporters. Despite these market pressures, exports of bananas and canned palm hearts exceeded the prior quarter. Assistance to Chapare farmers now gives special attention to maximizing production, post-harvest, and processing efficiencies to ensure that these licit products are competitive in the global marketplace.

Result Indicator for Sustainable Market Linkages Established				
R2.6: Licit agricultural-based employment				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	2,000 jobs	4,000 jobs	5,000 jobs	6,000 jobs
Actual results	N/A*	N/A* (Cumulative for year as of June 30)		
<u>Source/Methodology</u> Number of full-time licit jobs created, as reported in CONCADE PMP database. *Not available.				

Statement of progress. This data will be gathered in the Annual Agricultural Survey due to commence in the third quarter of 2000. Anecdotal evidence suggests new job creation occurring in the plantation expansions of Indatrop, Fabopal, Chapare Exporta and Banabol. The processing plants of Fabopal and Indatrop are working eight-hour shifts five days a week and have created employment for an as yet unmeasured number of new employees. There are also indications of sizeable employment increases in the service sector, especially among companies providing agro-chemicals and farming supplies.

Result Indicator for Sustainable Market Linkages Established				
R2.7: Licit non-agricultural-based jobs created				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	300 jobs	350 jobs	400 jobs	450 jobs
Actual results	N/A*	N/A* (Cumulative for year as of June 30)		
<u>Source/Methodology</u> Number of full-time licit jobs created, as reported by the CONCADE PMP database. *Not available.				

Statement of progress. As with the previous Indicator (R2.6), this data will be gathered in the Annual Agricultural Survey due to commence in the third quarter of 2000. Anecdotal evidence suggests new job creation occurring in the sectors of automobile/truck/motorcycle repair, distribution of agro-chemicals and farming supplies, and utility services.

C. ALTERNATIVE DEVELOPMENT ORGANIZATIONS STRENGTHENED (SO3)

The objective of **SO3** is to work in conjunction with the extension service providers and IBTA to build their capacity to provide assistance to farmer organizations located in verified Coca-Free Areas (CFAs) in the Chapare. The types of services offered by CONCADE are:

- ◆ Agricultural and business management technical assistance and training support
- ◆ Strengthening of both farmer associations and second-tier producer organizations
- ◆ Assistance in improving the management of revolving funds, accounting systems and other mechanisms for cost recovery and financial sustainability.

Under Critical Task A, Technical Assistance and Training for Institutional Strengthening, the following progress was made:

- ◆ **Accounting Systems of Farmer Organizations.** CONCADE completed an analysis of the status of the accounting systems used by over 90% of the farmer associations. Given the magnitude of the assistance needed in accounting systems and rotating fund management, outside firms will be contracted to give periodic assistance in these areas.
- ◆ **Strengthening of Producer Organizations.** Second-tier producer organizations were strengthened. The Special Commission of Heart-of-Palm Producers (CEPPAL), the heart-of-palm producers organization received technical and administrative assistance related to the distribution and production of heart-of-palm seedlings. CEPPAL distributed 1,400,000 seedlings to 30 farmer associations and has collected and planted another 1,000,000 seeds distributed among 4 local nurseries. The sale of the latter will help CEPPAL attain financial self-sufficiency. UNABANA, the banana producers organization, has been reconsolidated and will hire a full-time professional administrator. The position will be funded by DAI for the first 6 months; UNABANA will subsequently pay the administrator from surcharges on bananas exported by farmer associations.
- ◆ **Chapare Chamber of Agriculture.** CONCADE is examining the financial management of donations to the Chapare Chamber of Agriculture. A proposal for increasing the activities of the Agricultural Chamber has been prepared; the contract is under study by DAI. The proposal seeks to increase Chamber activities in the areas of promotion, restructuring the governing board, aid to second level producer organizations, and increasing the member base and its representation in the Chamber.
- ▶ **Inauguration of Grants Program.** The Grants Committee approved over \$238,000 in funds for upgrading the packing facilities and cableways in eight banana producer associations. The associations will use these funds to upgrade water quality, waste removal and general sanitation in the banana packing centers, as well as to improve the efficiency of field-to-packing center delivery of export-quality bananas. These associations are packing bananas for export to Argentina; without these

improvements they would not meet Argentine phytosanitary requirements and the border would be closed to Bolivian banana exports with consequent devastating effects on Chapare farmers. In addition to productive infrastructure improvements, the grants establish a rotating fund in each association for the purpose of maintaining the new infrastructure. The associations will be making their matching contributions to the rotating fund over the next two years. The Grants Committee received a total of twelve applications during the quarter from banana and other producers associations, as well as women's producer groups.

- ◆ **Training.** Training courses in basic administration and accounting were held for 18 extensionists and a draft version of an accounting manual has been prepared.
- ◆ **Coordination with Other Projects.** Policies for donations to farmer associations are being coordinated with the C-23 project. Both CONCADE and DAI now have a uniform policy for donations or subsidies of planting material. Policies for donations of other inputs are under discussion.
- ◆ **Participation of Women in Decision-Making.** Thirty-one women now hold decision-making positions on the boards or committees of farmer associations receiving assistance from CONCADE extension groups.
- ◆ **Economic Activities Involving Women.** There are six active groups of women involved in the production and sale of jipi japa, marmalades, and vegetables. Another ten women's groups have expressed interest in raising small animals, as well as selling milk-derived products and flowers.
- ◆ **Gender Training for Extensionists.** Three training sessions related to gender were conducted by CONCADE's Advisor for Women's Economic Activities (Rosio Gonzalez) for the four extension groups.
- ▶ **Women Promoters and Extensionists.** There are now 47 women promoters or group leaders working with the farmer associations in the Chapare. In addition, the number of women extensionists increased by approximately 20%. The four extension service providers now employ twelve women extensionists.
- ◆ **Increasing University Involvement.** Initial talks have been held with the University of San Simon regarding their involvement in alternative development efforts in the Chapare. The Bolivian Private University has also been contacted regarding their participation in training and case studies related to business administration

Under Critical Task B, Mechanisms to Improve the Management of Revolving Funds and other means of cost recovery and self-sufficiency, the following progress was made:

- ◆ **Revolving Funds.** The status of rotating funds in the majority of the farmer associations has been analyzed and strategies are being developed to recover, at least

partially, funds disbursed in the past. Rotating funds are functioning in fifteen associations. In addition, associations are being required to make counterpart contributions to a revolving fund as part of their participation in the CONCADE grants program.

Result Indicator for Alternative Development Organizations Strengthened				
R3.1: Increased capacity for sustainability in farmer organizations				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	12 organizations	24 organizations	36 organizations	50 organizations
Actual results	16 organizations	28 organizations		
<u>Source/Methodology</u> Number of legally registered farmer organizations being funded with fees for services or dues paid by their members, as reported by farmer organizations providing information to NGOs and private firms. This information is currently being reported by the four extension groups working in the Chapare.				

Statement of progress. Payments to farmer associations are generated by dues from members, surcharges on export production, or payments for services such as spraying, supplying of inputs or tools, or technical assistance or assistance with marketing. UNABANA, a second-tier producer organization, will hire in the near future a general manager who will be paid partially by funds from surcharges placed on banana exports.

Result Indicator for Alternative Development Organizations Strengthened				
R3.2: Number of farmer organizations paying for their own technical assistance				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	2 organizations	10 organizations	25 organizations	40 organizations
Actual results	12 organizations	14 organizations		
<u>Source/Methodology</u> Number of farmer organizations capable of paying for their own technical assistance.				

Statement of progress. Fourteen farmer associations are paying, at least partially, for technical assistance in agronomy, commercialization, or business management. In addition, there are approximately 170 community promoters that are working voluntarily or are paid partially by farmer associations. Farmer associations involved in contract farming are paying for technical assistance, spraying and cultivation programs.

Result Indicator for Alternative Development Organizations Strengthened				
R3.3: Increased capacity for technological transfer in GOB organization (IBTA/Chapare)				
	CY1999	CY2000	CY2001	CY2002
Target set forth in CONCADE contract	25%	35%	50%	75%
Actual results	0%	9*		
Source/Methodology Percent of individual research activities completed in any given calendar year positively validated and adopted by farmers. Field extensionists from the four extension groups will be responsible for gathering data on agricultural technology used by farmers. *Number of validation trials.				

Statement of progress IBTA is currently managing nine validation trials and has begun to install a series of demonstration plots in coordination with extensionists, farmer experimenters, and community level promoters. IBTA has also held 34 training sessions, the majority aimed at extensionists. Drafts of 4 technical publications are currently under revision. A system for evaluating the impact of the research program is presently being designed and will be implemented in the third quarter.

A large part of IBTA's activities in the second quarter were devoted to reformulating its work plan for CY2000. The approved plan is expected to result in more relevant and time research activities and a greater reliance on already existing information, databases, and institutional experience outside of Bolivia. Innovative aspects include IBTA's participation and facilitation of the farmer experimenter network, jointly managed demonstration plots with extensionists and farmers, and the development of a long distance learning center.

Result Indicator for Alternative Development Organizations Strengthened				
R3.4: Increased average annual yield of promoted crops				
	CY1999	CY2000	CY2001	CY2002
Targets in USAID/DAI contract:				
Bananas	70 mt/ha	90 mt/ha	110 mt/ha	135 mt/ha
Pineapples	11.5 mt/ha	12 mt/ha	13 mt/ha	13.5 mt/ha
Passion Fruit	10 mt/ha	10 mt/ha	10 mt/ha	10 mt/ha
Palm Hearts	675 kg/ha	750 kg/ha	815 kg/ha	900 kg/ha
Black Pepper	3 mt/ha	3 mt/ha	3 mt/ha	3 mt/ha
Actual results				
Bananas	20-30 mt/ha	20-30 mt/ha		
Pineapples	11.5 mt/ha	11.5 mt/ha		
Passion Fruit	6-7 mt/ha	6-7 mt/ha		
Palm Hearts	500 kg/ha	500 kg/ha		
Black Pepper	1.5 mt/ha	1.5 mt/ha		
		(As of March 31)		
Source/Methodology Increased average annual yield of promoted crops, as reported by CONCADE PMP database. Yields from 1999 are based on consultant estimates and some field measurements. Yields in the future will be based on field estimates taken by extensionists.				

Statement of progress. Yields for Year 2000 have not yet been calculated. Many perennial crops produce throughout the year and a full year is needed in order to report annual yields. In addition, dry season annual crops such as corn, beans, and vegetables are still in the field and won't be harvested until September. IBTA is designing an improved data gathering system for providing estimates of crop yields, by level of technology used, as well as the costs involved and the final use of the products.

D. PRIVATE SECTOR AND AGRICULTURALLY-BASED INDUSTRIES STIMULATED (SO4)

The objective of **SO4** is to stimulate the growth of an agribusiness sector in the Chapare that is competitive and self-sustaining in the long term, giving initial attention to the five under-performing, community-run processing plants. The primary means for supporting agribusiness development and private investment include a combination of:

- ◆ Feasibility studies for existing Chapare agribusinesses, leading to the reformulation of their management, financial and operating structure, especially the five under-performing community processing plants (i.e. Agro-Té, Inintrop, Emcopaivi, Agroprovasa, and Milka);
- ◆ Assistance with private sector business plans describing investment requirements, market potential and projected profitability of new agribusiness investments;
- ◆ Promoting the entry and/or expansion of Chapare-based businesses, especially those which fill critical gaps in the production-marketing system for licit crops (e.g. banks, commercial nurseries, transport companies, multi-use food processing plants, and small farm equipment distributors);
- ◆ Establishing and managing capital access programs (e.g. grants, loans and performance-based incentives) to assist selected private or farmer groups in attaining CONCADE objectives.

Under Critical Task A, Assessment of Production and Investment Capital Requirements in the Chapare, the following progress was made:

- ◆ **Credit Needs Assessment Report.** This report, prepared by John Magill, was submitted to USAID and the GOB in April. The report details a number of innovative investment strategies, including loan guarantees, grants, incentives and strategic alliances created through contract farming. The strategies of grants and incentives were utilized during the second quarter.
- ◆ **Assessment of Banana Packing Center Requirements.** CONCADE technicians completed an assessment of the productive infrastructure needs of eight banana associations to put them in compliance with the phytosanitary requirements of neighboring export markets.
- ◆ **Reports on Production and Investment Capital Requirements.** During the quarter the CONCADE Investment Promotion team completed four financial evaluations of investment opportunities in the Chapare. Copies of these studies were distributed USAID and CONCADE partner institutions. These studies will guide investment promotion presentations and the use of the Investment Promotion Fund in the forthcoming months. The reports included:

Analyses of Production and Investment Capital Requirements			
<i>Date</i>	<i>Study</i>	<i>Description</i>	<i>Author(s)</i>
May 2000	Streamlining Banana Production and Post-Harvest Practices	Analysis of techniques for improving fruit quality and reducing production costs	Mike Utley
May 2000	Agro-Té	Analysis of needed new investment in equipment and infrastructure to make this plant sustainable	DAI Marketing and Investment Promotion Team
June 2000	German Busch	Cost-benefit analysis of converting this packing center into a consolidated sales center	DAI Marketing and Investment Promotion Team
June 2000	Milk Cattle Production and Marketing	Analysis of costs and impacts of promoting dual purpose meat-milk cattle in Chapare	Enrique Rieger and Sergio Cassab

Under Critical Task B, Assistance in Feasibility Studies, Investment Support, and Joint Ventures, we undertook the following activities:

- ◆ **Reprogramming of Chapare Exporta's debt.** Luis Duchicela completed a detailed analysis of the debt obligations and revenue stream of the banana exporter Chapare Exporta, the largest investor in the Chapare at this time. The company's current indebtedness is complicating its ability to pay its obligations and maintain a steady flow of exporting Chapare-grown bananas to Argentina. The study will guide Chapare Exporta's decision on the advisability of reprogramming/consolidating these debts under a new loan, as well as clarify the role that CONCADE might play in this decision. The company has nearly \$3 million invested in its Chapare operations and, in addition to being the largest banana exporter, maintains a fleet of fourteen refrigerated tractor-trailers which are critical to export of bananas and palm hearts from other producers.
- ◆ **Loan Guarantee Fund.** A proposal for establishing this Fund was presented to USAID in Action Memo No. 12 and subsequently approved. The Fund proposes to establish initially a \$100,000 loan guarantee with a commercial bank, which in turn would extend loans averaging \$25,000 with their own money to qualified Chapare agribusinesses. A similar mechanism is under consideration for small savings-and-loan associations (e.g. Cooperativa "San Antonio" and Cooperativa "Hospicio") which would extend loans in smaller amounts to small farmers and women's groups.
- ◆ **Performance-based incentives.** Two new awards of Investment Incentive Subcontracts were made during the quarter. These awards provide a premium to palm heart processors for exports made under difficult economic conditions during the past year and provided performance-based incentives for expanded purchases of palm heart stalks from small farmers. CONCADE has signed performance-based incentive agreements with the following groups to date:

Performance-Based Subcontracts To Date			
<i>Date</i>	<i>Company</i>	<i>Description</i>	<i>Amount</i>
November 1999	Andean Group	Purchasing bananas for export from small farmer associations	\$25,000
November 1999	Ingavi B Banana Producers Association	Establishing a box fund for becoming a full-service packing center	\$25,000
May 2000	Chapare Exporta*	Purchasing bananas for export from small farmer associations	\$ 85,000
May 2000	Banabol*	Purchasing bananas for export from small farmer associations	\$ 50,000
June 2000	Fabopal*	Steady purchases of palm heart stalks from small producers	\$ 50,000
June 2000	Indatrop*	Steady purchases of palm heart stalks from small producers	\$ 50,000
Total			\$ 285,000

* Awards approved in second quarter 2000

- **Training alliances with Cochabamba universities.** In an effort to build long-term training alliances between Chapare agribusinesses and Cochabamba universities, the CONCADE team advanced negotiations with two Cochabamba universities to provide direct student-teacher involvement with under-performing Chapare operations, such as Agro-Té and Emcopaivi. CONCADE provided an escorted tour of Chapare agribusinesses to two department heads (Gustavo Molina - Dean of Business Administration and Cesar Villagones – Dean of Engineering) from the Private Bolivian University (UPB). This university will shortly present a proposal for dedicating members of its student body to problem-solving in the areas of accounting, finance and business administration. Two meetings were held with the Central University (UC), also based in Cochabamba, which is preparing a proposal to dedicate selected students to problem-solving in the areas of food processing technology and operations.

Result Indicator for Private Sector Investment and Agriculturally-Based Industries Stimulated				
R4.1: Investment credit needs identified				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	5 credit applications	10 credit applications	N/S*	N/S*
Actual results	2 credit applications ^a	4 credit applications ^b (Cumulative for year as of June 30)		
<p>Source/Methodology Credit applications including feasibility studies received from prospective investors favorably reviewed by USAID/GOB, as reported in the CONCADE PMP database.</p> <p>^a Ingavi B and Andean Group</p> <p>^b Chapare Exporta, Banabol, Fabopal and Indatrop</p> <p>*Not specified in contract</p>				

Statement of progress. The preparation of credit applications is moving on schedule with the goal of completing ten applications in the year 2000.

Result Indicator for Private Sector Investment and Agriculturally-Based Industries Stimulated				
R4.2: Investment credit fund established and operational				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract	0 firms	3 firms	5 firms	5 firms
Actual results	2 firms	4 firms (Cumulative for year as of June 30)		
<p><u>Source/Methodology</u> Number of firms established in the Chapare receiving loans or incentives from Investment Fund, as reported in CONCADE PMP database. The two firms receiving financial assistance from the Investment Promotion Fund in 1999 were Andean Group and Ingavi B. The four firms which have received financial assistance from the Fund in CY2000 are:</p> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> Banabol Fabopal </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> Chapare Exporta Indatrop </div>				

Statement of progress. Cumulative progress to date is ahead of contract targets.

E. RESULTS-ORIENTED MANAGEMENT AND GEOGRAPHIC INFORMATION FOR PDAR IN PLACE

SO 5: Results-Oriented Management, Geographic Information System for PDAR in Place

SO5 is designed to provide PDAR, our principal counterpart Bolivian agency, assistance in planning, monitoring and evaluating results at the implementation level. The relational database expert ORACLE has central responsibility, under DAI's supervision, for developing the Project Management Information System (PMIS). Upon completion of the system, PDAR will own and run the PMIS, which is a results-oriented management information system that includes a geographic information module. The system will be used for reaching decisions regarding CONCADE policy, budgeting and implementation issues, and for monitoring the achievement of CONCADE results. The system will be available to other donors who wish to request PDAR permission to use it for their own project management.

This quarter ORACLE finished the System Design, a process that was carried out in coordination with the three GOB implementing institutions (PDAR, IBTA and Caminos Vecinales) to incorporate their information requirements.

ORACLE faced some delays during the development of the modules due to the complexity of the design and multiple user needs. DAI requested that ORACLE organize a highly competent team of developers to undertake this complex task. As a result, there are now six highly qualified developers working on module development compared to the three developers previously.

Work on the Geographic Information System (GIS) module began in February and is proceeding on schedule. The GIS tool is mainly intended for personnel at a decision-making level and CONCADE will begin the training of these managers next quarter.

The principal task areas of the Information Unit are: a) Provision of Equipment, b) System Development, c) Communications, d) Training and e) Data Capturing Mechanisms in place.

Provision of Equipment

The main activity during this quarter was to attend some minor maintenance requirements expressed by the GOB institutions. A suggestion was expressed that DAI should purchase a stock of spare parts to help maintain the equipment. DAI asked the GOB institutions for a list of parts and it will be presented under the proposed procurement plan.

System Development

DAI expressed to ORACLE the importance of maintaining the delivery schedule for a fully implemented system. ORACLE restructured the team of developers and since one of the problems that they faced was the unwillingness of many talented consultants to spend long periods of time in Bolivia, a team was assembled that can do development stateside with the full coordination of the team in country.

Communications

One of the main problems that we will need to resolve during implementation is the lack of reliable connectivity between the offices of Cochabamba and the Chapare. Most of the data gathering and processing takes place in the Chapare and we need to make sure that there are reliable links between these two sites. DAI approached three companies to solve this concern: Entel, Datacom, and Teledata. Entel and Datacom's solution was a VSAT connection that proved to be unreliable. Entel has over 70 VSAT stations in Bolivia and after a short period these stations stopped working. TELEDATA provided a solution that was long awaited by the program, and that is to set up a remote satellite station. CONCADE staff contacted clients currently using the Teledata service and these clients expressed their satisfaction with the service. The AMU has received the documentation and they are in the process of considering and approving this initiative.

Training

An extensive effort was made to train the CONCADE Information Technology personnel in the ORACLE tools, so that CONCADE can maintain the information system once it is completed. GOB personnel received more than 1,000 training hours of instruction during the quarter. DAI contracted Open Systems, the only Bolivian company with an ORACLE license to provide training in ORACLE. Additional training hours are scheduled for the next quarter.

Data Capturing Mechanisms in Place

The CONCADE team is dedicating special attention to capturing reliable and timely data for inclusion in the information system. While the central system for capturing data is under development, we have created provisional databases to report on Agricultural Extension Firms, IBTA, and Caminos Vecinales. These reports are sent to PDAR for validation purposes.

Other Activities

The Report File (a Power Point presentation) was considered very helpful to the mission during CORDEP. This report was structured and reinstated at the end of the quarter.

The Transport Study is managed and supervised constantly by CONCADE staff to assure data integrity and quality. The volumes of licit agricultural products from the Chapare that reach the markets are increasing, while the volume of licit coca from the Chapare is decreasing significantly.

Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
R5.1: Performance Monitoring Plan (PMP) completed and operational				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract: Developed and approved Established Fully operational	By 9/99	By 3/2000 By 7/2000		
Actual results Developed and approved Established Fully operational	PMP document submitted Oct 6, 1999; Implementation Plan submitted Feb 17, 2000	In progress In progress (As of June 30, 2000)		
Source/Methodology. PMP system operational to monitor progress towards CONCADE results, as evaluated by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

Statement of progress. The Design Phase began in January and was completed April 14th. Work on the Geographic Information System (GIS) began in February and is scheduled for completion in mid-August. System development commenced in April with completion targeted for September 30.

Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
R5.2: Integration and dissemination of a PMP completed for performance monitoring and results tracking				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract:				
Marketing/infrastructure systems PDAR/DIRECO systems IBTA/NGO/private firms systems Full PMP system	By 12/99	By 3/2000 By 7/2000 By 9/2000		
Actual results				
Marketing/infrastructure systems PDAR/DIRECO systems IBTA/NGO/private firms systems Full PMP system				
<u>Source/Methodology</u> Performance data fully integrated and operational between implementing entities using improved databases, as evaluated by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

Statement of progress. The system is under development by six highly qualified Oracle programmers.

Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
R5.3: Integration of a PMP completed for financial and administrative decision-making				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract: Consolidated quarterly reports IBTA-NGO/private firms PDAR-IBTA-SNC/CCVV Operating plans consolidated		By 3/2000 By 7/2000 By 7/2000 By 9/2000		
Actual results Consolidated quarterly reports IBTA-NGO/private firms PDAR-IBTA-SNC/CCVV Operating plans consolidated				
Source/Methodology Should be measured by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

Statement of progress. After consultation with the subcontractor Sipron, the GOB agencies reached agreement on the specifications for the financial system. These specifications were submitted for the Vice Minister's approval in May. This approval from the Vice Minister is still pending.

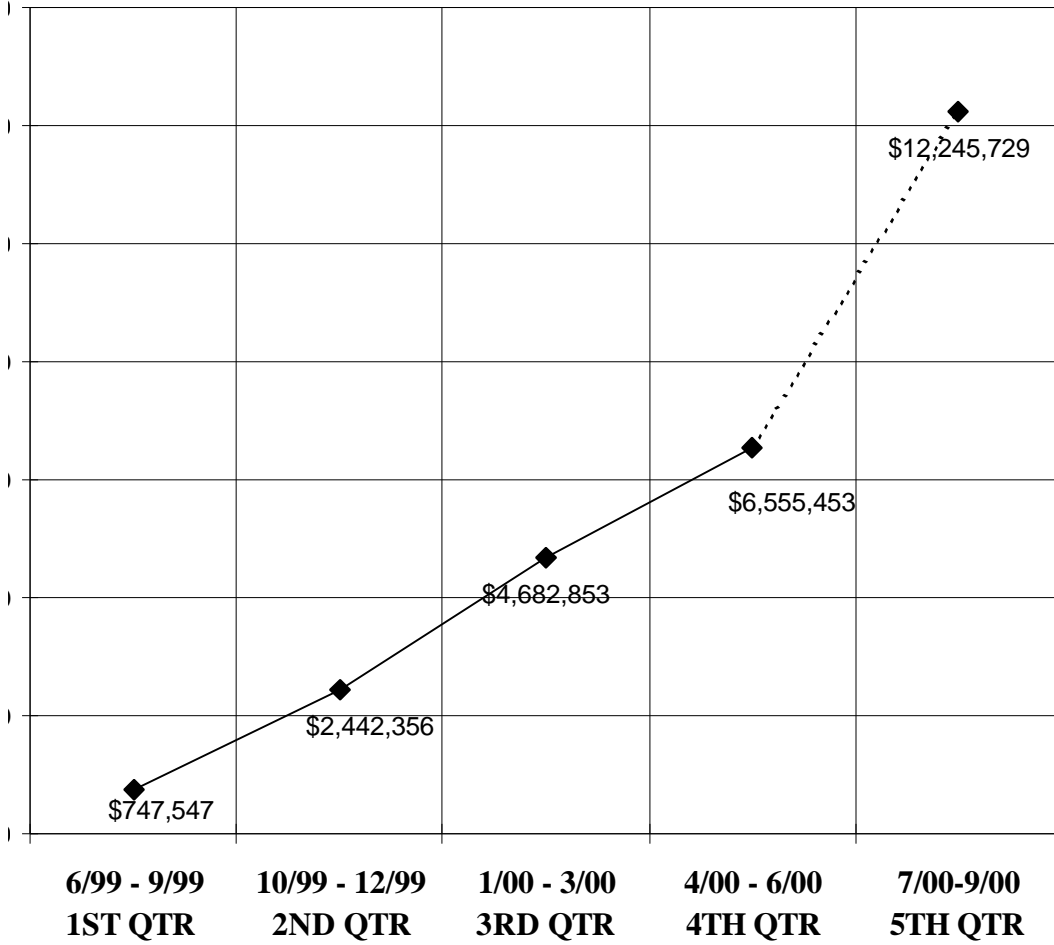
Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
R5.4: PDAR managing the integrated PMP				
	CY1999	CY2000	CY2001	CY2002
Targets in CONCADE contract: PDAR has staff to start training PDAR staff fully trained in PMP PDAR staff managing consolidated PMP	By 9/1999	By 9/2000	By 3/2001	
Actual results PDAR has staff to start training PDAR staff fully trained in PMP PDAR staff managing consolidated PMP			Yet to commence	
Source/Methodology PDAR fully capable of managing PMP developed by contractor, as evaluated by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

Statement of progress CONCADE provided over 1,000 hours of Oracle training to the information technology personnel of PDAR, IBTA and Caminos Vecinales during the quarter. DAI is committed to having fully trained personnel to receive and maintain the PMIS.

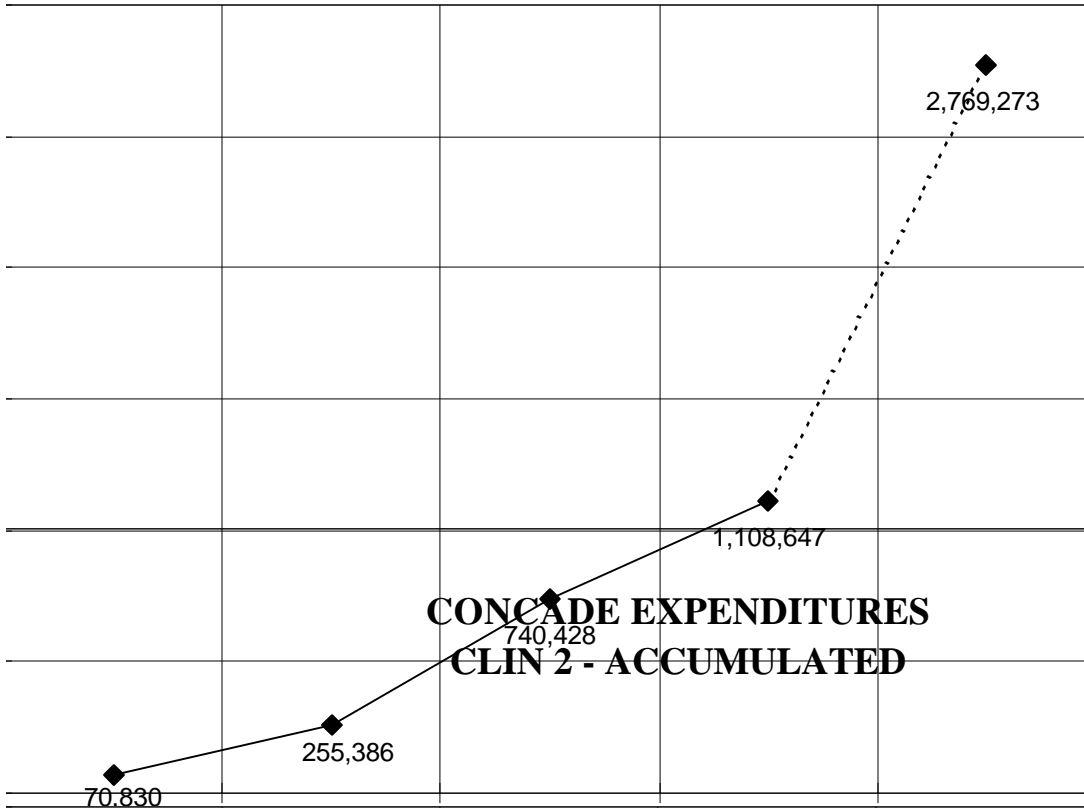
CHAPTER III: USE OF FUNDS DURING THE QUARTER

The charts in this chapter illustrate actual CONCADE spending for the first four quarters of the project (June 1999-June 2000), as well as projected spending for the next quarter (July-September 2000), providing a description of CONCADE spending for the first year of operations. Charts corresponding to the entire CONCADE budget, as well as to each CLIN are provided.

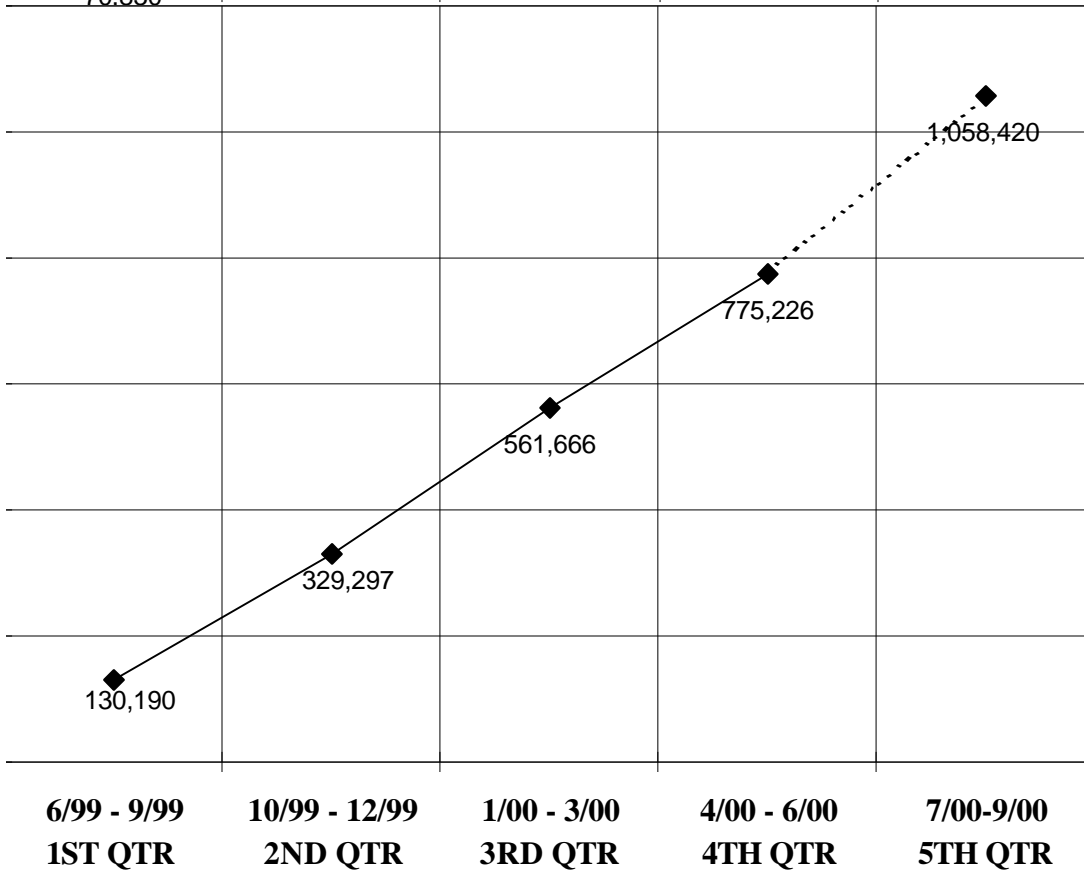
CONCADE EXPENDITURES 5 CLINs - ACCUMULATED



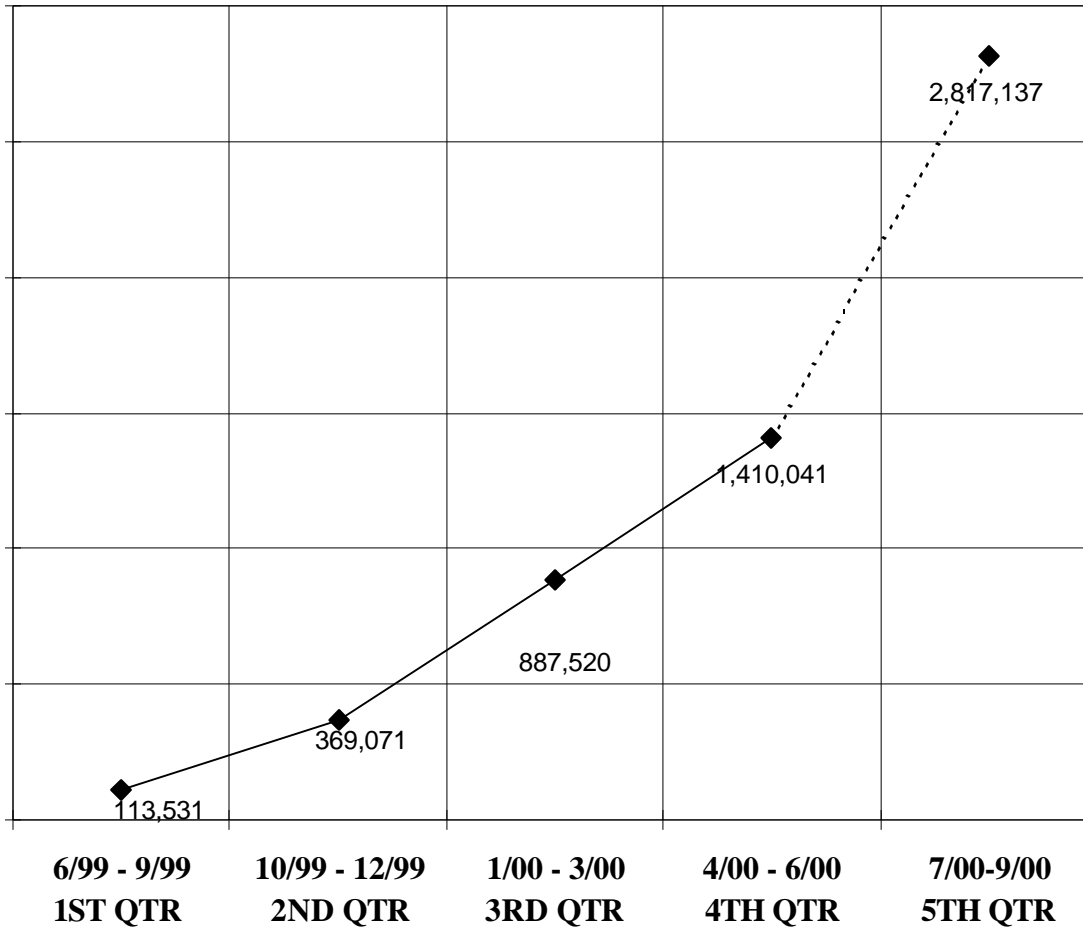
CONCADE EXPENDITURES CLIN 1 - ACCUMULATED



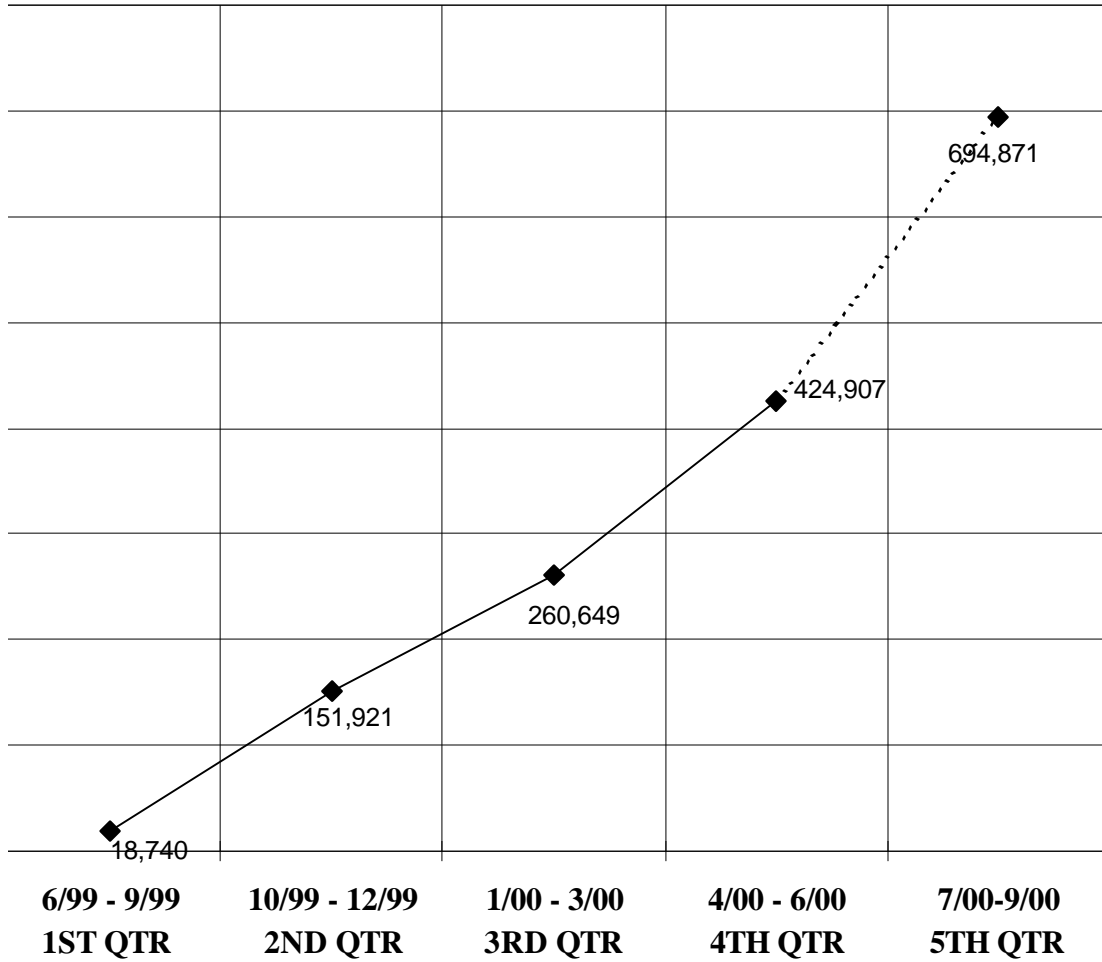
CONCADE EXPENDITURES CLIN 2 - ACCUMULATED



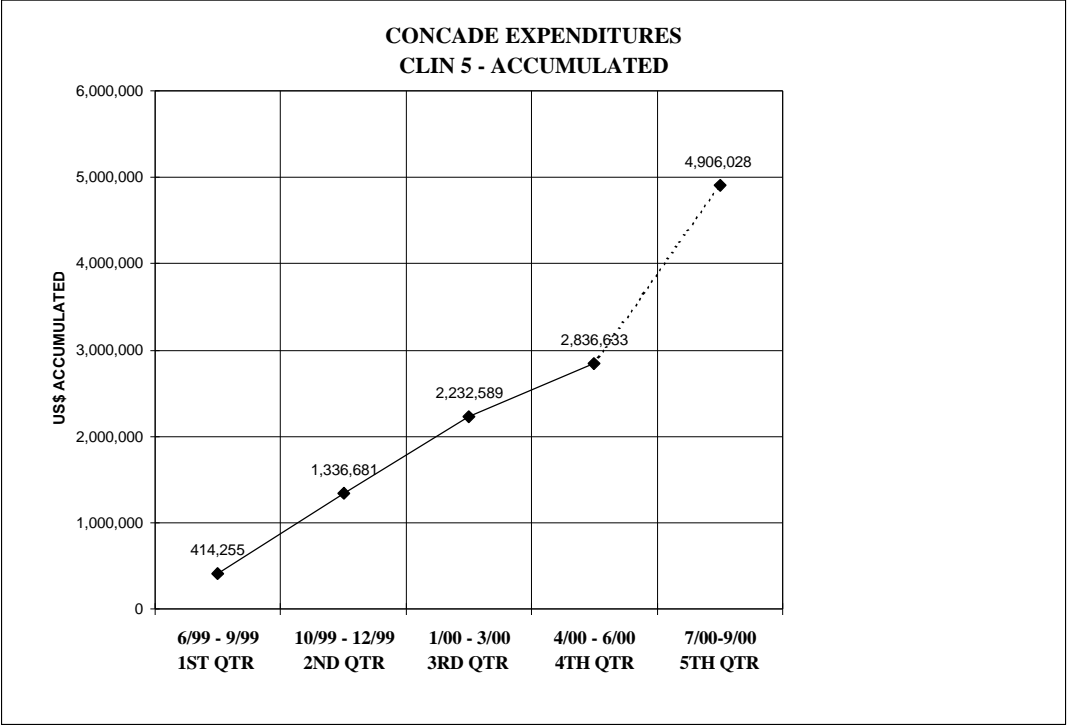
**CONCADE
EXPENDITURES
CLIN 3 - ACCUMULATED**



**CONCADE
EXPENDITURES
CLIN 4 - ACCUMULATED**



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EXPENSES (QUARTER)							
			First Quarter	Second Quarter	Third Quarter	Fourth Quarter	<i>Fifth Quarter</i>
	CLIN		Jun - Sept. 99	Oct - Dec 99	Jan - Mar 00	Apr - Jun 00	<i>Jul – Sep 00</i>
	CLIN 1		70,830	184,556	485,042	368,219	1,660,626
	CLIN 2		130,190	199,106	232,369	213,560	275,194
	CLIN 3		113,532	255,540	518,449	522,521	1,407,096
	CLIN 4		18,740	133,182	108,728	164,258	269,964
	CLIN 5		414,256	922,425	895,909	604,044	2,069,395
	TOTAL		747,548	1,694,809	2,240,497	1,872,600	5,690,276
EXPENSES (ACCUMULATED)							
	CLIN 1		70,830	255,386	740,428	1,108,647	2,769,273
	CLIN 2		130,190	329,297	561,666	775,226	1,050,420
	CLIN 3		113,532	369,071	887,521	1,410,041	2,817,137
	CLIN 4		18,740	151,922	260,649	424,907	694,871
	CLIN 5		414,256	1,336,681	2,232,590	2,836,633	4,906,028
	TOTAL		747,548	2,442,357	4,682,854	6,555,453	12,245,729

CHAPTER IV: CONTRACT DELIVERABLES

As defined in the USAID/DAI contract, deliverables refer to four outputs in four areas: a) work plans, b) quarterly reports, c) scopes of work and d) PMS. The cumulative contracted Deliverables provided as of June 30, 2000, include the following:

Work Plans and Documents	
Document	Submission date to USAID
DAI Year 2000 Work Plan	March 2000

Quarterly Reports	
Document	Submission Date to USAID
Quarterly Report (July-September 1999)	October 1999
Quarterly Report (October-December 1999)	February 2000
Quarterly Report (January-March 2000)	May 2000

Scopes of Work	
Long-Term Experts	Date Submitted to USAID
LTTA for core team	December 1999
LTTA for 2.5 NCSU positions	Action Memo #7 (No objection)
LTTA for 2 DAI positions	Action Memo #8 (No objection)

PMS	
Deliverable	Date Submitted to USAID
PMP Plan	October 1999
Oracle Implementation Plan	February 17, 2000 (with periodic updates)

CHAPTER V: LEVEL OF EFFORT IN PERSON-MONTHS

	LOE Budget/ PMs	Inception to March 31, 2000	April – June 2000	Cumulative	Balance
CLIN 2	186	53.32	13.86	67.18	118.82
CLIN 3	143	31.20	16.61	47.81	95.19
CLIN 4	117	22.55	10.69	33.24	83.76
CLIN 5	247	44.29	14.79	59.08	187.92

Per the CONCADE contract reporting requirements, the above table does not include any LOE provided by subcontractors or home office support.

APPENDIX A: GLOSSARY OF ACRONYMS

(Spanish equivalent in parentheses)

AIC:	Activity Implementation Committee
AMU:	Activity Management Unit (DAI Chief of Party and PDAR Executive Director)
APHIS:	Animal and Plant Health Inspection Service (U.S. Dept. of Agriculture)
ASC:	Activity Steering Committee
CCVV:	Rural Roads Department (<i>Caminos Vecinales</i>)
CLIN:	Contract Line Item Number
CN/SOT:	Counter Narcotics Strategic Objectives Team
CONCADE:	Counter Narcotics Consolidation of Alternative Development Efforts in Bolivia (<i>Consolidación Antinarcóticos de los Esfuerzos del Desarrollo Alternativo</i>)
CORDEP:	Cochabamba Regional Development Program
CRDP:	Chapare Regional Development Project
DAI:	Development Alternatives, Inc.
DIRECO:	Bolivian Coca Eradication Agency (<i>Dirección de Reconversión de la Coca</i>)
EMISBA:	Association of Municipalities in the Chapare (<i>Empresa Intermunicipal de Saneamiento Básico</i>)
FCC:	Fertility Capability Classification
FHIA:	Honduran Foundation for Agricultural Research (<i>Fundación Hondureña para Investigación Agropecuaria</i>)
FONADAL:	Bolivian National Fund for Alternative Development (<i>Fondo Nacional de Desarrollo Alternativo</i>)
GIS:	Geographic Information System
GOB:	Government of Bolivia (<i>Gobierno de Bolivia</i>)
HACCP:	Hazard Analysis Critical Control Points
IBTA:	Bolivian Institute for Agricultural Research (<i>Instituto Boliviano de Investigación Agropecuaria</i>)
IPM:	Integrated Pest Management (<i>Manejo Integral de Plagas</i>)
LTTA:	Long Term Technical Assistance
MERCOSUR:	Southern Cone Common Market -Chile, Brazil, Paraguay, Uruguay & Argentina (<i>Mercado Común del Sur</i>)
MU:	Management Unit
NCSU:	North Carolina State University
NGO:	Non-Governmental Organization
PDAR:	Regional Alternative Development Program (<i>Programa de Desarrollo Alternativo Regional</i>)
PLA:	Product Line Assessment
PMP:	Performance Monitoring Plan
PPL:	Bolivia's Popular Participation Law (<i>Ley de Participación Popular</i>)
RFP:	Request for Proposal
RRA:	Rapid Rural Appraisal
SNC/CCVV:	National Road Service/Rural Roads Department (<i>Servicio Nacional de Caminos</i>)
SO:	Strategic Objective
SOT:	USAID's Strategic Objectives Team
STTA:	Short Term Technical Assistance
TAMIS:	Technical and Administrative Management Information System
USAID:	U.S. Agency for International Development
VIMDESALT	Vice Ministry for Alternative Development (<i>Viceministerio para el Desarrollo Alternativo</i>)
VMDA:	Vice Ministry for Alternative Development
WIDTECH:	USAID's Women in Development Technical Assistance Project

APPENDIX B: GLOSSARY OF TERMS AND PHRASES

(Spanish equivalent in parentheses)

Agricultural continuum:	The conceptual model for agriculturally-based economic growth which links Market Research, Applied Research, Agricultural Extension/Technology Transfer, Farm-Level Production, Postharvest Handling, Market Transport/Distribution, and Market Sales in a closed, sequential loop.
CORDEP priority crops:	Crops receiving targeted development assistance in the previous project. These crops were bananas, pineapples, palm hearts, passion fruit and black pepper.
Input:	The provision of goods, services and/or monies. First level inputs include: technical assistance, goods and training. Second level inputs include: contracts/agreements and consultants. Third level inputs consist of financing. (<i>Insumo</i>)
Intermediate result:	A key result that needs to be completed to attain the strategic objective. (<i>Resultado intermedio</i>)
Performance indicator:	A characteristic or unique dimension used to measure projected changes, as defined in the results framework.
Output:	The result of a specific action. For example: people trained, vaccinations administered. (<i>Producto</i>)
Result:	A change in the client's situation or a change in the situation of the host country having a relationship with the client. (<i>Resultado</i>)
Special objective:	(<i>Objetivo especial</i>)
Strategic objective:	The most ambitious result that USAID, the GOB and other cooperating agencies, together with their members, can achieve and for which they are willing to assume responsibility. (<i>Objetivo estratégico</i>)